

A row of historic brick houses in Detroit, MI, with a historical marker sign in the foreground. The houses are multi-story with gabled roofs and brick facades. The sign in the foreground is green and white, with the word 'HOTOVN' visible at the top. The background shows a street with parked cars and trees.

Neighbor to Neighbor

Tax foreclosure census and prevention program in Detroit, MI

NEIGHBOR TO NEIGHBOR

Abstract

The city of Detroit was devastated by the 2008 financial crisis. Leading up to the crisis, Detroiters were disproportionately targeted for subprime loans and other predatory lending products and the Recession triggered a wave of mortgage foreclosures in the city. Detroit was next hit by a second wave of foreclosures as the Wayne County foreclosed on thousands of Detroiters who were delinquent on their property tax debt. Detroit's tax foreclosures peaked in 2015 with 28,158 homes brought to auction. Recognizing the scale and significance of the problem, local advocates and philanthropy launched the "Neighbor to Neighbor" program in 2017 with the goal of providing door-to-door foreclosure prevention support to 60,000 households behind on taxes in the city. In addition to foreclosure prevention, the outreach team conducted a survey to gather valuable data on residents of properties behind on their taxes. The initiative successfully prevented 4,316 Detroit families from entering property tax foreclosure in 2018

While the Detroit case is uniquely severe, the Neighbor to Neighbor program offers valuable insights for our class as we look for programs to preserve low-income homeownership in West Philadelphia. In particular, it provides precedent into issues related to: How do you assess the scope of a threat to homeownership? How and when do you target intervention activities? Who will conduct the outreach work? How do you monitor progress and evaluate program success?

Location: Detroit, Michigan

Time frame: November 2017 - May 2018

Keywords: tax foreclosure; Detroit; homeownership; predatory lending; neighborhood stabilization; door-to-door outreach;

PROGRAM GOALS AND THEORY OF CHANGE

Goal 1

“Investigate the human costs of tax foreclosure.”

Goal 2

“Test a model for community-led early intervention to prevent tax foreclosures.”

Goal 3

“Inform solutions that can address the tax foreclosure crisis.”

Theory of Change

Program designers believed that interventions to prevent a tax foreclosure should not wait until year-three when a resident is facing eviction. This effort utilizes direct, in person outreach from local residents and community organization staff to help residents avoid foreclosure.

ORIGINS: FROM BOOMTOWN TO BANKRUPTCY

Historical context:

- Early 20th century boomtown led by growth in industrial manufacturing (Sugrue, 1996).
- A “city of homeowners” - largely detached single-family homes spread over 139 square-miles (larger than Boston, San Francisco and Manhattan combine) ([DFC](#), 2017).
- Detroit attracted migrants from all over the world, including African Americans from the American South. When African Americans arrived they faced intense and persistent employment and housing discrimination (Sugrue, 1996)
- City peak in population in 1950, but since then has seen steady population loss driven by deindustrialization, white flight, and disinvestment (Sugrue, 1996).
- The 2007-8 Financial Crisis further devastated Detroit. African American residents were disproportionately targeted for predatory loans and the city experienced a surge of mortgage foreclosures (Steil et. al, 2017).
- In 2013, the City of Detroit declared Bankruptcy ([New York Times](#), 2013)

Current context:

- Detroit is a city of 673,662 residents and 80% are African American (2017 ACS).
- 38% of Detroiters are below the poverty line; 15% of people nationally (2017 ACS).

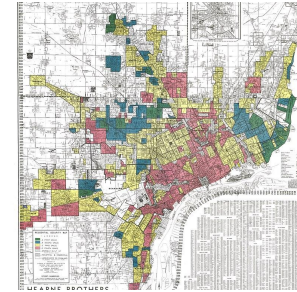
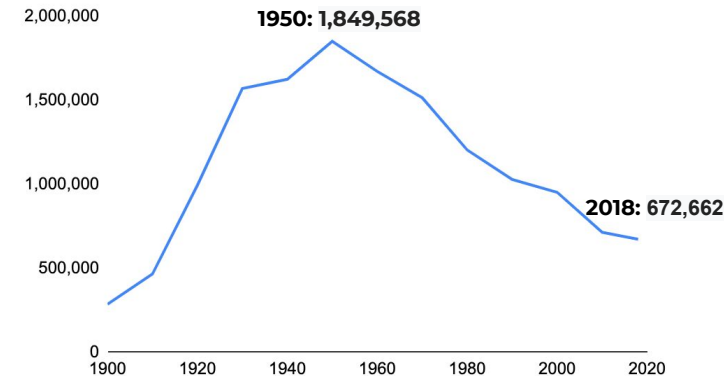


Image sources: [HOLC Redlining Map, Creative Commons](#) & [Homes in the Polish district of Detroit, Creative Commons](#)

Population of Detroit, MI



Source: Census and American Community Survey

ORIGINS: TAX FORECLOSURE CRISIS

Causes

- Residential property assessments did not adjust following the financial crisis and families had difficulty paying taxes ([Bridge Magazine](#), 2017).
- Michigan has a three year forfeiture and eviction process, missed payments accrued interest and penalty ([Neighbor to Neighbor Report](#), 2019).
- Tax foreclosure rates **10-15 times** higher in African American areas ([LDE](#), 2016).
- There are hardship exemptions, but limited enrollment. Only 5,000 Detroit homeowners apply for the exemptions annually, but Census data suggests 40,000 are eligible ([Neighbor to Neighbor Report](#), 2019)
- **28,158** tax foreclosures brought to auction in 2015 (ibid).
- **60,000** households behind on property taxes in 2017 and at risk for tax foreclosure (ibid)

Response

In response to the rise of tax foreclosures, there were a series of policy actions:

- 2013: White House Blight Removal Task Force ([Neighbor to Neighbor Report](#), 2019)
- 2014: Interest penalty reduced in Michigan ([MSU Extension](#), 2015)
- 2014-17: Adjustments to the reassessment process ([Crain's](#), 2017)

This contributed to a dramatic drop in foreclosure, but households are still at risk.

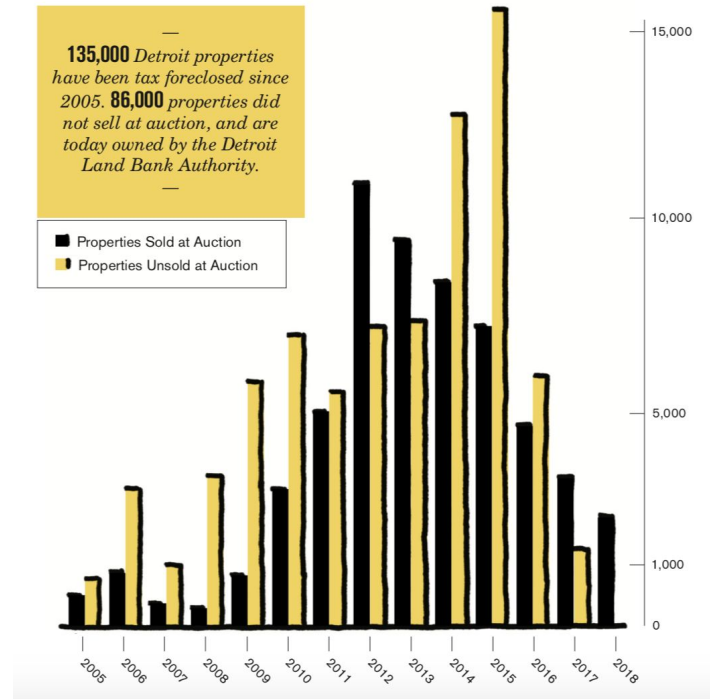


Figure source: Neighbor to Neighbor Report (2019)

ORGANIZATIONS AND OPERATIONS

In response to the crisis of tax foreclosure in Detroit, **Neighbor to Neighbor** was launched in 2017 to go door-to-door to all 60,000 homes in Detroit at risk for tax foreclosure to collect data to understand the scope of the crisis and provide information to help prevent foreclosure.

Organizations

- Led by: **Quicken Loans Community Investment Fund & United Community Housing Corp**
- Partnerships **30** community organizations (neighborhood groups, community development corporations (CDCs), block clubs, and churches).
- Program funded by a **\$500,000** grant from Quicken Loans Community Investment Fund.

Operations

- **400** Detroiters canvassed door-to-door
- The Canvassers were trained on specially developed **LOVELAND** canvassing app
- City divided into **30** neighborhood districts
- Canvassers administered survey and provided occupants with information for foreclosure mitigation programs
- Survey effort from November 2017–October 2018.

Source: Neighbor to Neighbor Report (2019)



WELCOME CANVISSERS!

Canvassers from neighborhood organizations across the city are knocking on doors to raise awareness of property tax foreclosure. Read more about the Neighbor to Neighbor effort at N2NDetroit.org.

Contact the United Community Housing Coalition, for tax foreclosure counseling and resources:
2727 2nd Ave, Suite 313, Detroit | (313) 963 - 3310
Walk - in Hours: Mon, Wed, and Fri. 9am - 12pm

Image source: [Facebook - City of Detroit \(2018\)](#)

PROGRAM: DATA COLLECTION AND SURVEY FINDINGS

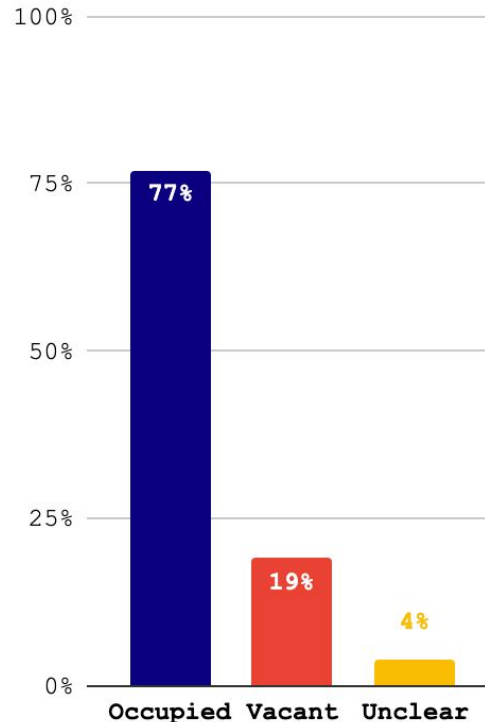
Data collection

- *Canvassers visited 59,933 homes over the period.*
- *Of the occupied homes, canvassers had a 53% contact rate (24,089)*

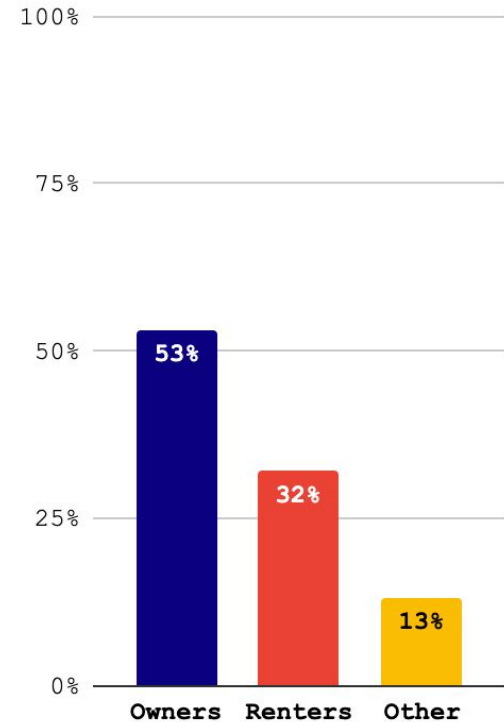
Key Findings

- *77% of surveyed properties were occupied.*
- *Of the occupied properties surveyed, 53% were owner occupied, 32% renter occupied, and 13% had ownership status unclear.*
- *75% owners potentially eligible for property tax exemption.*
- *75% owners who feel they would benefit from monthly property tax payment options.*
- *78% renters interested in owning the home they are renting.*

Occupancy Status



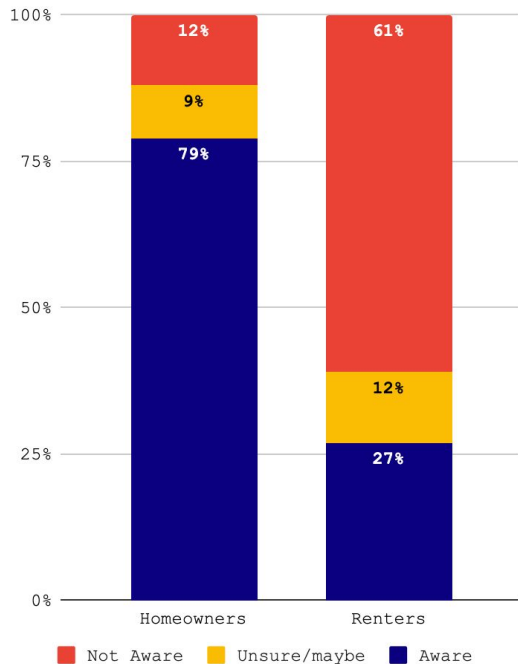
Tenure



Source: Neighbor to Neighbor Report (2019)

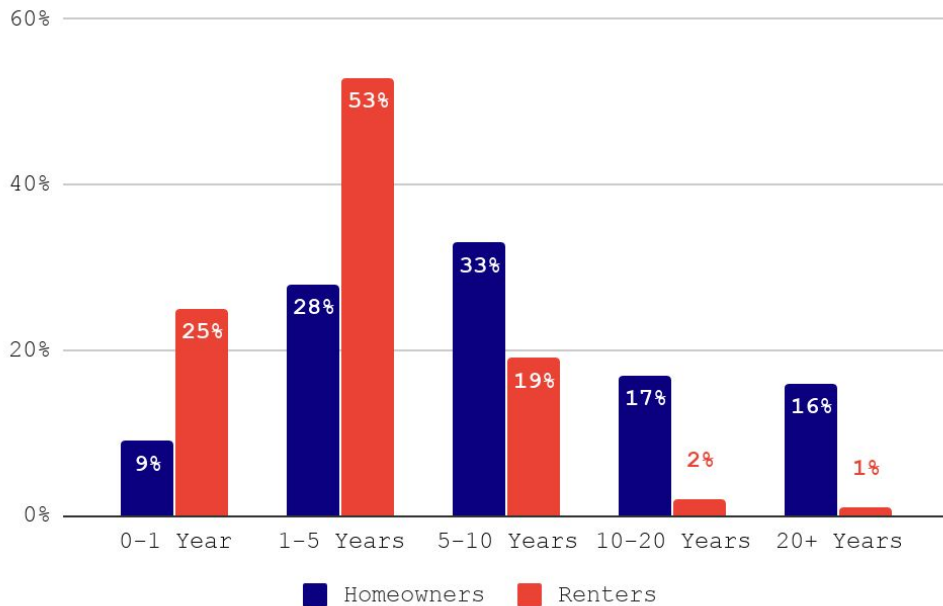
SURVEY FINDINGS

Awareness of Tax Delinquency



61% of renters were unaware the home they were renting was behind on taxes.

Homeowners and Renters



One-third of homeowners had lived in the house over 10 years.

KEY REPORT TAKEAWAYS

Initiative reports the effort prevented **4,316 households** from entering property tax foreclosure in 2018 ([Quicken Loans, 2019](#)).

Report makes five key recommendations and findings:

1. *“Residents lack information on tax delinquency and helpful programs.”* -- The report recommends direct outreach to homes in Detroit every spring to allow enough time to act before the annual fall tax foreclosure auction.
2. *“Homeowners need more opportunities to get property tax exemptions.”*-- Homeowners should have multiple, well-advertised opportunities to get help applying for property tax exemptions. Those sessions should take place in community centers across the city.
3. *“Erase tax debt for vulnerable homeowners.”* -- Pass state legislation allowing for forgiveness of past property tax debt for households eligible for property tax exemptions.
4. *“Paying for property taxes monthly would be easier.”* -- Property taxes in Detroit are paid in two installments - 85% paid in the summer, and 15% in the winter. This uneven split can create budgeting challenges for homeowners and the report recommends that tax collection is adjusted to allow for monthly payment.
5. *“Tenants want the first chance to buy tax foreclosed rental properties.”* -- Renters should not suffer the consequences of their landlord’s neglect and tenants should be given the first chance to purchase the home they are renting if it goes through tax foreclosure.

LESSONS FOR WEST PHILADELPHIA

Key takeaways:

1. *Importance of direct outreach and early intervention to at-risk homeowners.*
2. *Building partnerships with local community organizations and employing residents to conduct the outreach work.*
3. *Use of technology for targeted outreach and data collection to improve programs.*

Remaining Questions:

1. *How aware are local residents of tax exemptions? How easy is it to get an exemption?*
2. *What is the most pressing threat in West Philly (e.g., tax foreclosure, mortgage foreclosure, tangled deeds, heir homes)? Should a similar effort focus on one or all issues?*
3. *How can we scale this effort to a single neighborhood? Should there be a similar push for a city-wide intervention?*
4. *Who would be a funding partner for this effort? Who would be a technology partner?*
5. *How would you adapt this model into a continuous program rather than a one-time effort?*

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